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The Canadian government's recent shift of diplomacy away from traditional values toward economic benefit for Canada may do us no favours in the long run

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Opinion Column

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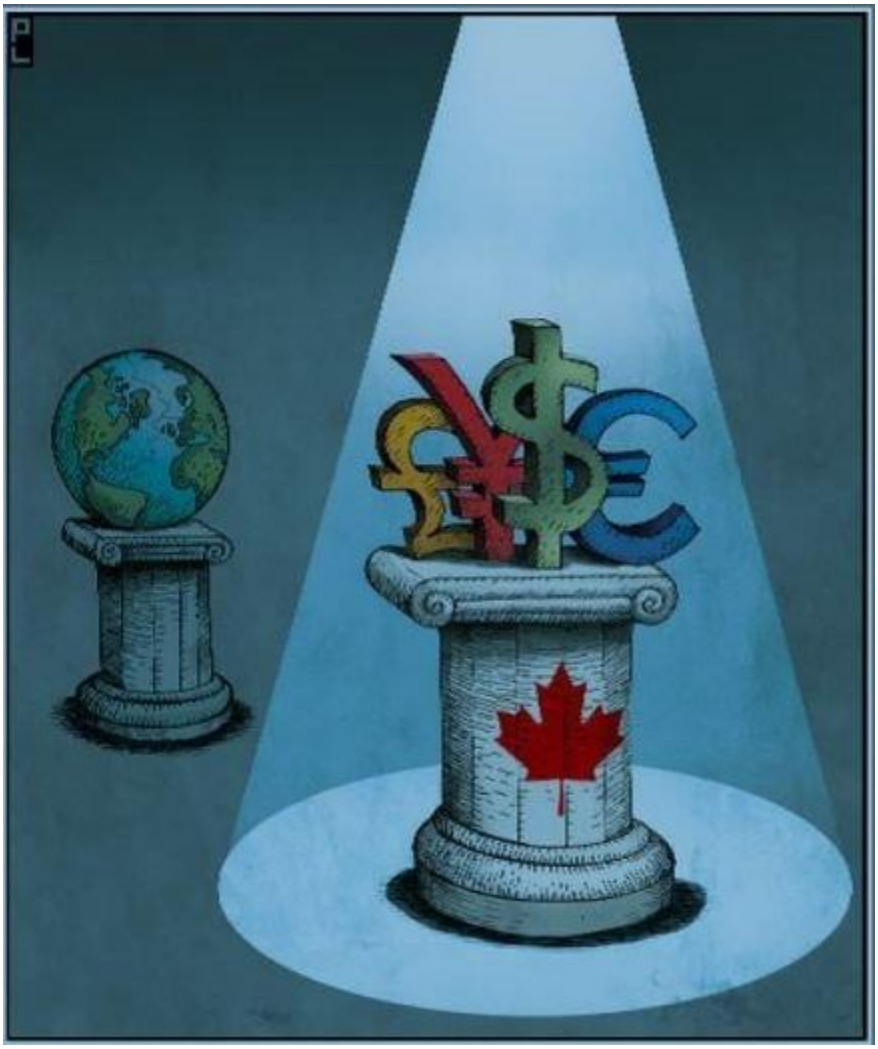

Ottawa's newly articulated strategy of "economic diplomacy" has formalized and expanded what our country's diplomats have been doing for at least a year through the federal government's Canadian International Development Agency (CIDA).

The question is: should this new dollar diplomacy trump Canada's traditional foreign policy values?

A year ago, Julian Fantino, at the time the international development minister in charge of CIDA, declared Canadians were entitled to derive benefits from Canada's aid money. He vehemently argued Canadian mining projects in Africa and Latin America should be templates for future development work. He roundly defended CIDA's corporate shift, saying he found it "very strange that people would not expect Canadian investments to also promote Canadian values, Canadian business, the Canadian economy, benefits for Canada."

Now a year later, the Harper government will make Canadian investments and economic interests the driving force behind the country's entire foreign policy, not just foreign aid funneled through CIDA.

Previously, Canada's priorities for economic and social development overseas emphasized the importance of helping the poorest of the poor. That approach has suddenly changed: now diplomats will ensure Canadian priorities abroad favour Canadian economic interests, first and foremost.

Critics of the new policy are already assailing the Harper government for dangerously lowering Canada's traditional diplomatic priorities, such as aid, diplomacy, human rights and peacekeeping, in favour of promoting Canadian industry overseas, especially in China. They say the battle for democracy in development areas will become a dangerously low priority compared to Canadian business interests, especially the mining sector.

Canada is now the largest state actor in the global mining industry.

At the same time, the overseas operations of Canada's extractive companies — now carried on with support from our diplomats — are undergoing increased scrutiny and mounting criticism. Canada's purportedly unethical behaviour is seen to be setting a bad precedent in the international community.

Arguably, Canadian official development assistance should be used for proper development, not to facilitate extractive industries in developing countries.

Critics would prefer the country's aid money continue to go to fighting poverty caused by natural disasters, such as typhoon Haiyan in the Philippines, instead of helping Canadian businesses extract natural resources from the developing world.

However, advocates of the new policy argue Canadian taxpayers should benefit from this "tied aid," which promotes the Canadian economy as well.

Some argue Canadian aid money could be more effectively used, for example to assist in the technical redrafting of mining legislation in poorer countries, but others say the redrafted laws will help mining companies put in place business plans that do not benefit lower-class populations in those poorer countries. These critics are concerned that financial aid provided to mining companies in various forms by the Canadian government will be used to subsidize corporate lobbying against the corporate responsibility movement in Canada, which counsels using more ethical development strategies to help local populations. Questions are already surfacing about whether diplomats in Foreign Affairs should be used, directly or indirectly, to subsidize lobbying in favour of Canadian businesses abroad.

It is probably not a good idea to use Canadian embassies as a primary vehicle to promote broad neo-liberalization measures. Neo-liberal ideas tend to percolate on their own without Canadian diplomats having much say.

Those who say that using mining as a tool for development is an efficient use of Canadian aid money are countered by those who argue that it is worse than inefficient — it is helping to create the kind of protection for investment that includes reductions and exemptions for corporate taxation. That will result in more problems than solutions for true long-term development.

The worry, too, is that if Foreign Affairs acts more forthrightly to help prohibit local sourcing requirements in poorer countries, such questionable practices will become the norm rather than the exception.

Already, many experts are cautioning that Canadian values should not include 100% foreign ownership of mines; instead, locals should be expected to manage and direct their own natural resources, even if they do not have an ownership share in the Canadian businesses operating on their own soil. Development should not mean unrestricted repatriation of profits for Canadian companies. Arranging mining royalties of only 1% to 3% for developing countries will spell trouble for Canada's broader interests in those countries. Instead, the stated goals of Canadian diplomacy should be to lead Canada's international effort to help people living in poverty.

Certainly, the record so far of extractive-sector activity as the primary vehicle for economic and social development is poor and might not improve much in the near future.

Canada's economic priorities should not hold sway over our traditional diplomatic interests abroad. We have a proud record as a strong contributor to UN peacekeeping operations. Our commitment to multilateral alliances, such as NATO involvement in Afghanistan, Kosovo and Libya, gives us powerful credibility abroad. Our disaster relief forces have helped out in many places, most recently in Haiti and the Philippines. It does not make sense to radically reshape Canadian foreign policy to overly prioritize Canadian economic interests abroad.

— Erika Simpson is an associate professor in political science, who teaches about international security and global violence at Western University.